

Tam Jai International Co. Limited

譚仔國際有限公司

(Stock Code: 2217.HK)

Interim Results Presentation

FY21/22 – November 2021



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1. Results Highlights

Results Highlights



Encouraging performance reflects the optimisation and agility of a One-Of-A-Kind restaurant chain.




- Revenue increased by 43.0% to HK\$1,181.5 million, mainly attributable to the increased number of restaurants in operation and substantial growth in comparable restaurants revenue, which has already recovered to pre-COVID-19 level.
- Operating profit of restaurant operations increased by 96.7% to HK\$303.3 million, with the operating profit margin up by 7.0 percentage points to 25.7%
- Excluding the non-recurring listing expenses and government subsidies in relation to COVID-19, adjusted profit increased by 107.8% to HK\$147.0 million, with adjusted profit margin up by 3.8 percentage points to 12.4%
- The profit margin improvement was attributable to the increase in revenue, reduction of cost of food and beverages consumed and staff costs as a percentage of revenue.

2. Business Overview

Restaurant Brands



Two dominant fast-casual restaurant brands serving new generation comfort food.

Comparison items	 Tam Jai Yunnan Mixian ("TamJai")	 Tam Jai Sam Gor Mixian ("SamGor")	 Markets outside of Hong Kong
Restaurant Segment	Fast-casual	Fast-casual	Fast-casual
Brand Character	Warm & friendly	Vibrant & energetic	<i>Following Hong Kong</i>
Market Presence	Hong Kong	Hong Kong	Mainland China (Shenzhen) Singapore
Number of Restaurants (as of 30 September 2021)	76	74	4 3
Operator	Self-owned	Self-owned	Self-owned Self-owned

Restaurant & Central Kitchen Network



Well-established in Hong Kong and now expanding to markets outside of Hong Kong.



Expanded restaurants outside of Hong Kong

Brand	Geography	2021*	2020*	Net change
	 Hong Kong	76	65	+11
	 Mainland China	4	-	+4
	 Hong Kong	74	66	+8
	 Singapore	3	-	+3
Total:				+26

* - As of 30 September of the year

3. Financial Highlights

Results for the Period

Revenue and adjusted profit* surged by 43% and 108% versus last year (“LY”) respectively.

6-months adjusted profit* increased by 108% versus LY

(Unit in HKD million)

Adj.Profit
Margin%

8.6%

12.4%

\$147

\$71

108%

Apr-Sep 2020

Apr-Sep 2021

(Unit in HKD million)

6-months ended 30-Sep

Consolidated statement of profit or loss

2021

2020

Revenue

\$1,181

\$826

Profit before taxation (“PBT”)

\$169

\$170

Profit for the period

\$138

\$156

Profit margin

11.7%

18.9%

Adjustment for:

Less: Government subsidies

\$2

\$90

Add: Listing expenses

\$11

\$4

Adjusted profit* for the period

\$147

\$71

Adjusted profit margin

12.4%

8.6%

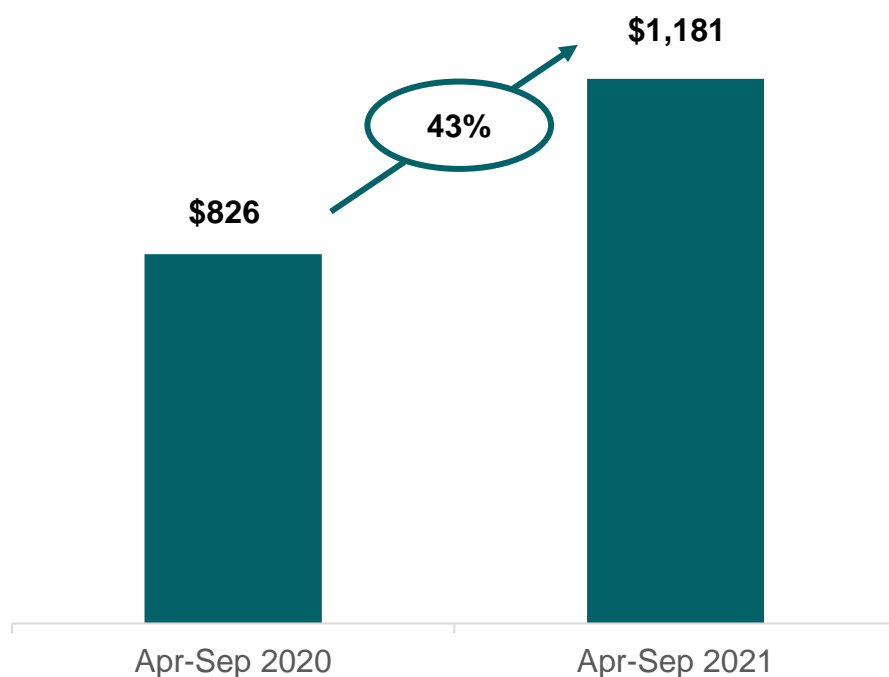
* - Adjusted profit for the period excludes the impact of one-off government subsidies in relation to COVID-19 and listing expenses.

Revenue Drivers

Strong revenue growth with comparable restaurant revenue back to pre-COVID-19 level.

6 Months Revenue increased by 43% versus LY

(Unit in HKD million)



Revenue growth drivers

+20%
Comparable
Restaurant* Growth

- Increase in average daily number of bowls served per seat
 - Effective branding campaigns
 - Promotions on new products
 - Improving market sentiment
- Increase in average spending per customer
 - New products & premium toppings
 - Suggestive selling of snacks & drinks

+26
Newly opened
restaurants

- Expansion in Hong Kong
 - 19 new restaurants opened versus the end of Sep 2020.
- Markets outside of Hong Kong
 - New restaurants opened in Singapore and Shenzhen in Oct 2020 and Apr 2021 respectively

* Comparable Restaurant – defined as restaurants in full operation throughout the periods under comparison, which exclude restaurants that are newly-opened, closed or renovated for a period over 30 days during the periods concerned. In 1H2022, all of the comparable restaurants were located in Hong Kong.

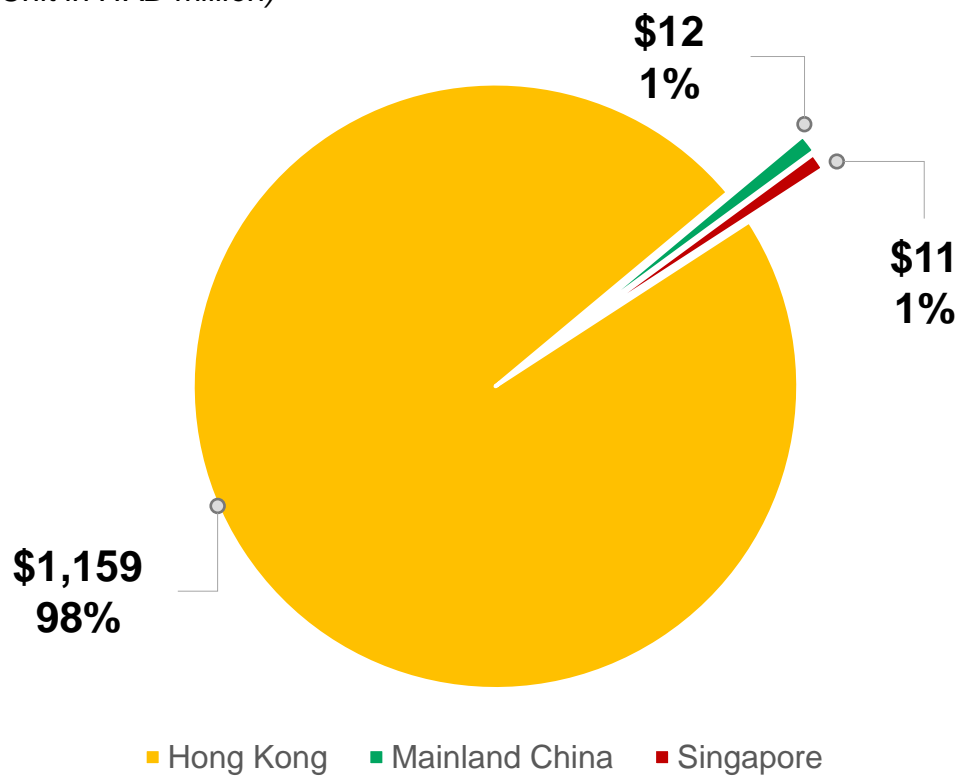
Revenue by Geographic Location & Order Type



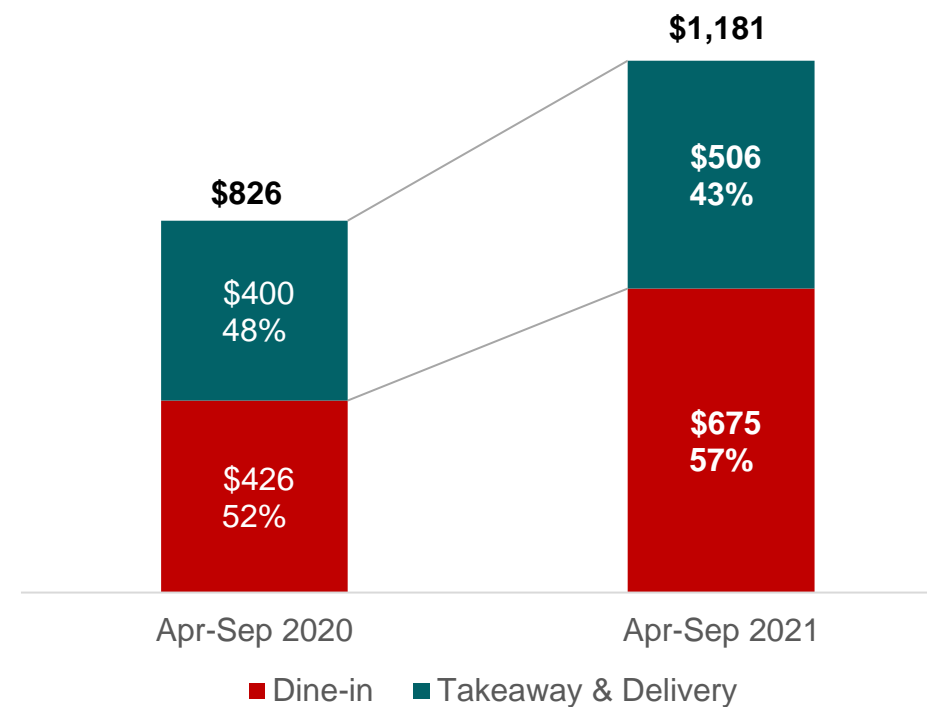
Majority revenue contributed by Hong Kong with a significant amount from takeaway & delivery orders.

Majority contribution from Hong Kong during the period

(Unit in HKD million)



Takeaway & delivery orders remained significant



Takeaway & delivery comprises takeaway orders made at the restaurants and delivery orders fulfilled through online delivery platforms.

Revenue by Operation Metrics

The averaged daily # of bowls per seat was recovering to pre-COVID-19 level.

(Unit in HKD)

Geography	Average spending per customer [1]			Average daily # of bowls served per seat [2]			Average daily revenue per restaurant [3]		
	2021*	2020*	2019*	2021*	2020*	2019*	2021*	2020*	2019*
Hong Kong	\$59.5	\$57.9	\$57.3	6.8	5.8	7.0	\$43,546	\$35,961	\$43,052
Mainland China	\$61.8	-	-	6.4	-	-	\$30,643	-	-
Singapore	\$85.0	-	-	2.4	-	-	\$19,494	-	-
Overall	\$59.6	\$57.9	\$57.3	6.7	5.8	7.0	\$42,889	\$35,691	\$43,052

[1] Calculated by dividing the revenue generated from our restaurants by the total number of customers served. We use the number of bowls of mixian sold as a proxy for the number of customers served.

[2] Calculated by dividing the total number of bowls served (including dine-in, takeaway and delivery orders) by the total seating capacity calculated with reference to the number of seats in the respective floor area of our restaurants by total operation days divided by the total number of restaurants.

[3] Calculated by dividing the revenue generated from our restaurants by the total restaurant operation days.

* - six months ended 30 September of the year

Operating Profit Drivers

Operating profit nearly doubled versus LY reaching HK\$303M with 25.7% margin during the period.

(Unit in HKD million)

Income statement items	6-months ended 30-Sep	
	2021	2020
Revenue	\$1,181	\$826
Restaurant and central kitchen operating costs:		
- Cost of food and beverages consumed	\$268	\$190
- Staff costs [1]	\$297	\$223
- Depreciation of right-of-use assets, rental and related expenses [1]	\$191	\$166
- Consumables and packaging	\$29	\$22
- Utilities expenses	\$27	\$17
- Handling charges	\$19	\$23
- Advertising and promotion	\$18	\$6
- Cleaning expenses	\$8	\$6
- Repair and maintenance	\$7	\$6
- Other expenses[1]	\$15	\$13
Operating profit	\$303	\$154
Operating profit margin	25.7%	18.7%

Management analysis

Increase in revenue

- Flow-through to all fixed cost items. Recorded a decrease in depreciation of right-of-use assets, rental and related expenses, attributed to our restaurants as a percentage to revenue.

Reduction of cost of food and beverages consumed with central kitchen production cost**

- The operating cost savings from central kitchen integration (originally TamJai and SamGor had its own central kitchen each) happened in late 2020 started to realize. Bulk volume purchase also reduced our raw material costs.

Reduction of staff cost as a percentage to revenue

- The management team implemented various measures to drive operations and manpower efficiencies.

[1] Represent relevant costs attributable to our restaurants and central kitchens and exclude any costs attributable to headquarter and office.

** - Central Kitchen Production Cost is a sum of three cost components distributed across 1) central kitchen staff cost, 2) central kitchen's depreciation of right-of-use assets, rental and related expenses, and 3) other expenses incurred at central kitchen.

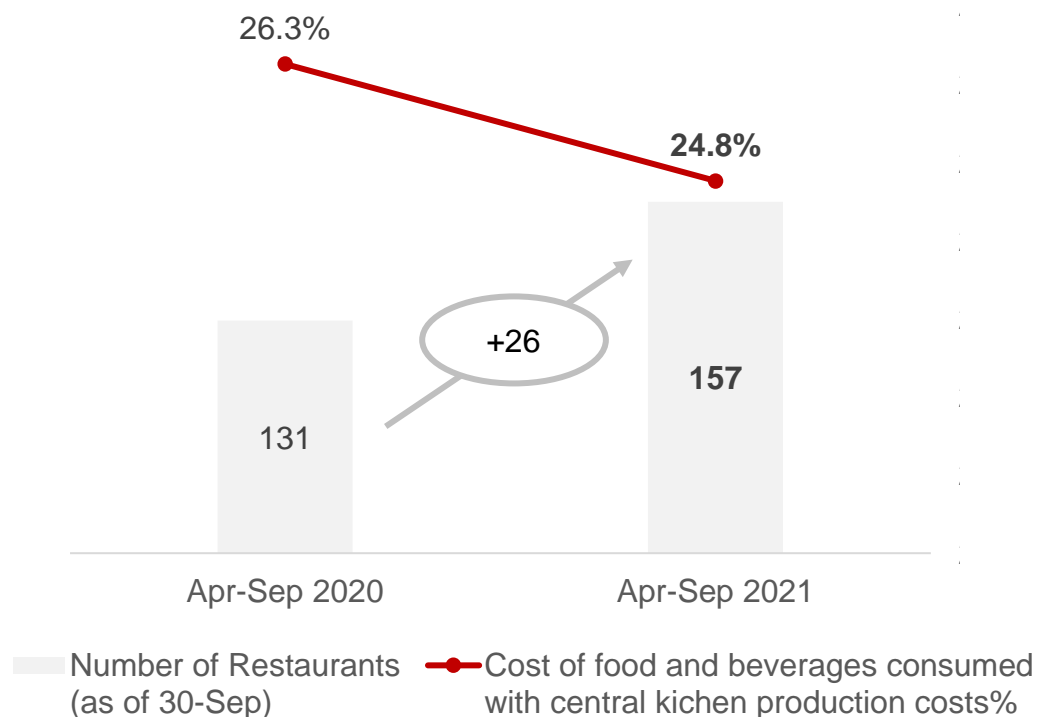
Cost of Food and Beverages Consumed with Central Kitchen Production Cost**



Cost as a percentage of revenue decreased by 1.5pp* via central kitchen integration and bulk purchase.

Cost efficiency improved despite an increase in restaurants

(Unit in HKD million)



Management analysis

Cost saving from Central Kitchen integration

- The efficiencies of integrating two central kitchens (originally TamJai and SamGor had its own central kitchen each) started to realize. Streamlined production process and logistics flow improved the overall efficiency.

Bulk Purchase

- The consolidated purchasing functions strengthened the group's bargaining power on price and supply stability. The raw material costs could be reduced.

Delivery Orders

- The increase in the average spending per customer resulted from the increase in revenue contributed partly by delivery orders, as the menu price at the online delivery platforms is generally higher than that at our physical restaurants.

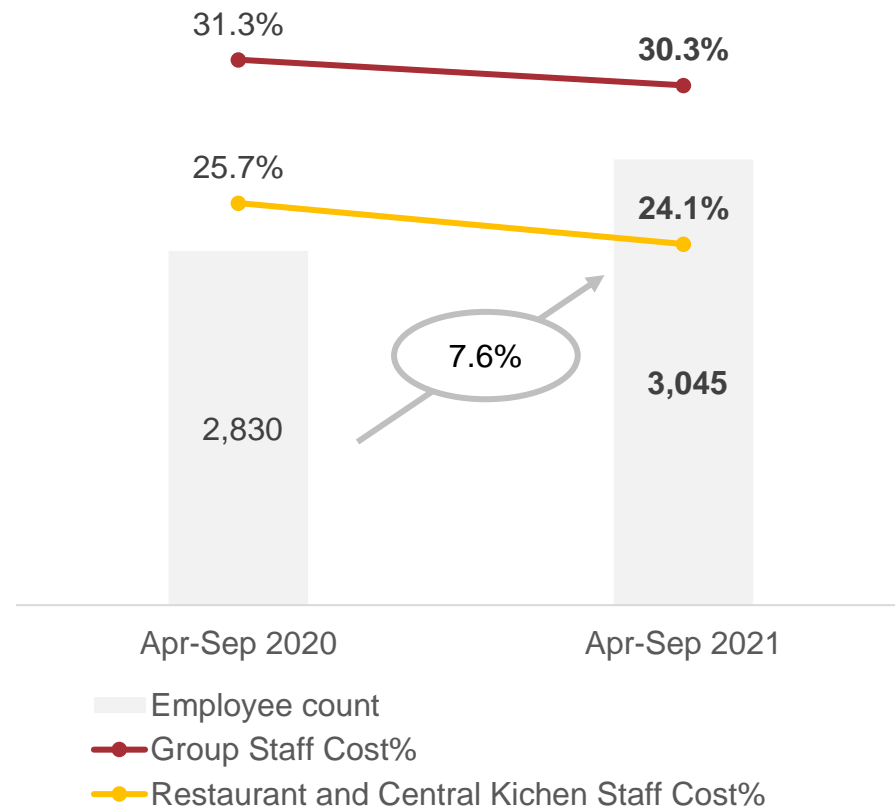
* - Percentage points ("pp") can be referred as the unit for the difference between two percentages. For this case, the difference between 26.3% and 24.8% shall be 1.5pp.

** - Central Kitchen Production Cost is a sum of three cost components distributed across 1) central kitchen staff cost, 2) central kitchen's depreciation of right-of-use assets, rental and related expenses, and 3) other expenses incurred at central kitchen.

Staff Cost and Employee Count

Staff cost% reduced by 1.0pp* despite an investment in new markets management team.

Group staff cost% reduced by 1.0pp*



Management analysis

“Smart-Rostering”

- The implementation of “Smart-Rostering” allowed front-line shop staffs to shift between work-stations, easing service bottlenecks as well as utilizing each staff hour for a higher revenue contribution.

An agile wage system

- Full-time shop staffs are paid on an hourly wage basis. This allows the management team to control the staff cost effectively with the right revenue contribution measures.

Investment in new markets management team

- Prior to marking our first footprint into new markets, i.e., Singapore and Mainland China, the group invested in a professional and experienced management team.

* - Percentage points (“pp”) can be referred as the unit for the difference between two percentages. For this case, the difference between 30.3% and 31.3% shall be 1.0pp.

Other Financial Information

Healthy financial situation.



Key financial ratios	6-months ended 30-Sep	
	2021	2020
Current ratio [1]	0.8	1.1
Quick ratio [2]	0.7	1.0
Return on assets [3]	20.5%	23.1%
Return on equity [4]	57.8%	62.4%

[1] Calculated based on our total current assets as at the end of the relevant periods divided by our total current liabilities as at the end of the corresponding periods.

[2] Calculated based on our total current assets less inventories as at the end of the relevant periods divided by our total current liabilities as at the end of the corresponding periods.

[3] Calculated based on our annualised profit for the relevant periods divided by our average total assets as at the beginning and the end of the corresponding periods and multiplied by 100%.

[4] Calculated based on our annualised profit for the relevant periods divided by our average total equity attributable to our equity shareholders as at the beginning and the end of the corresponding periods and multiplied by 100%.

4. Business Development Strategy

Future Growth Strategies

Strengthening our brand equity and to expand internationally.

**Highly Standardized
and Scalable Model**



**Customizable and
Distinctive Product**

1



Hong Kong & International Network Expansion

- Expansion of restaurant network
- Brand building & new market entry
- Establish central kitchen

2



Comparable Restaurant Revenue Growth

- Introduce new & premium toppings
- Enhance suggestive selling and local marketing

3



Customer Experience Enhancement

- Restaurant refurbishment
- Enhance efficiency through digitization and automations

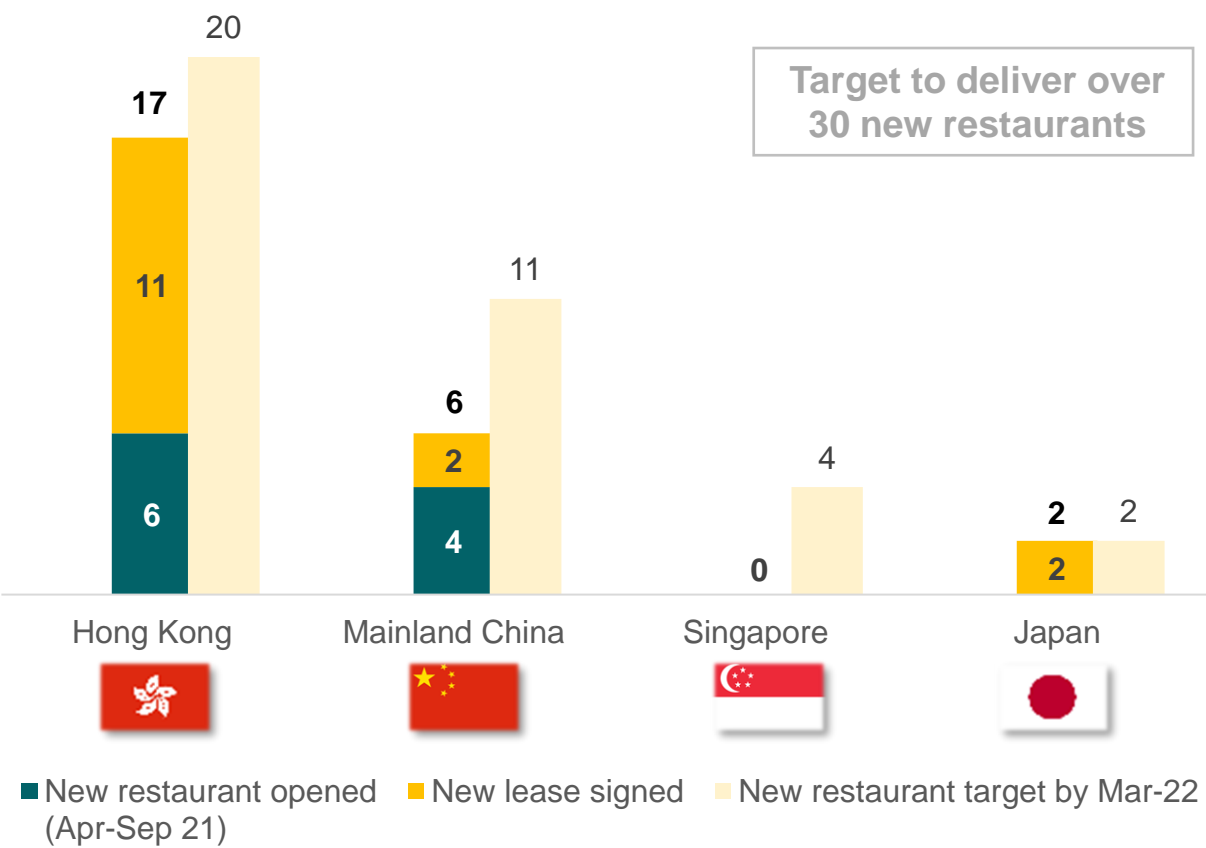


HK & International Restaurant Network

Our expansion plan is on-track, target to deliver over 30 new restaurants by Mar 2022.

2021 Achievements

Over 50% of restaurant opening target was completed FY21/22



Growth Prospect

Target to reach 300+ restaurants by Mar 2024

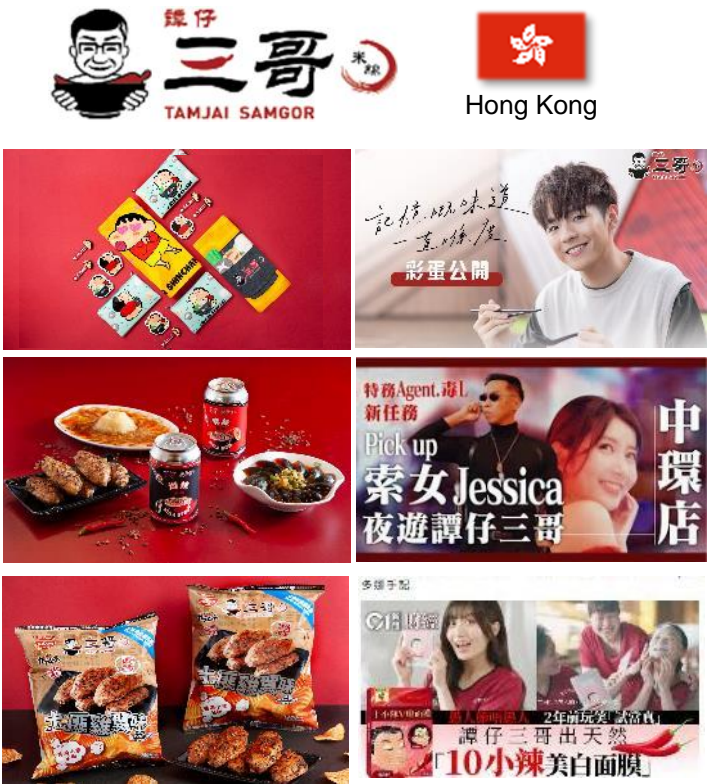
Geography	Brands	New restaurants by end of March	
		FY22/23	FY23/24
Hong Kong		+14	+10
Mainland China		+26	+37
Singapore		+11	+9
Japan		+8	+15
Australia		+7	+8
Total		+66	+79

Brand Building Campaigns [Hong Kong]

Positioning ourselves as the most popular fast-casual dining choice for all walks of life in Hong Kong.

2021 Achievements

Viral social media campaigns targeting the younger generation



Key Objectives

Strengthen our Brand Equity

- Promote emotional values associated with our brands

Create a “Culture”

- Enlighten our loyal customers to radiate our positive values

Make it “Home”

- Get closer to our customers’ everyday life through collaborations, e.g., potato chips

New Market Entry Campaigns [Outside Hong Kong]

Creating noise in new markets via social media engagement.

2021 Achievements

Over 7,000,000 impressions on Chinese social media platforms in April 2021 alone



Key Objectives

Generate Awareness

- Attracting those who never tried our food to pay their first visit

Educate our Products

- Promote our comfort food and irresistible flavour

Engage the Social Media

- Reach out to potential customers proactively on social media channels

Successful new product & premium topping launch contributed to more customers and a higher spending.

Attracted both new and repeated customers to visit and spend more




Suggestive Selling

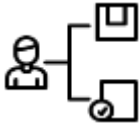

- Encouraged customers to order more snacks and drinks
- Steered customers to try new snacks and drinks with better gross margin
- Gave regular training to frontline staff to enhance their suggestive selling skills and provide incentive bonus based on sales performance.

Digitalization Initiatives

Continuously driving digital initiatives to improve our customer experience and operational efficiency.

Growth Prospect

Customer Engagement & Loyalty Building		
Major projects		Schedule
	CRM system <ul style="list-style-type: none">Expand customer loyalty programmeEnhance engagements with customers by understanding their habits	Beta version by 1H2023
	Mobile ordering / voice ordering system <ul style="list-style-type: none">Reach wider audiencePromote efficiencyEnhance customer experience and satisfactionInteractive and fun experience	

Operational Efficiency Improvements		
Major projects		Schedule
	SCM system <ul style="list-style-type: none">Structure and strengthen procurement, production, logistics and stock management	2 nd Phase target 1H2023
	ERP system <ul style="list-style-type: none">Improve efficiency of report preparation process	
	IT Infrastructure <ul style="list-style-type: none">Implement data management system	1 st Phase target 2H2023

5. ESG Commitments

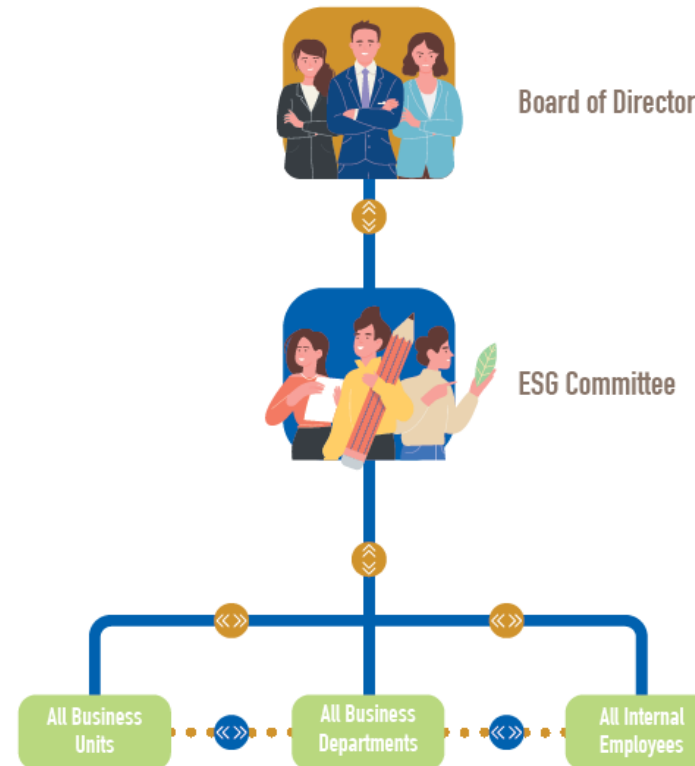
ESG Report and Governance

Our motto “Giving back to society (取諸社會，用諸社會)”.

Published the First Voluntary ESG report



Formation of ESG Committee and ESG Governance Structure



“TJI cares about the environment and sustainability, and we are committed to supporting those in need. We are eager to serve our communities.”

Green Measures

Injecting “Green elements” to our operations.

WASTEWATER & WASTE OIL

100%

waste oil recycled

72 of SamGor restaurants were regarded as the "Food Wise Eateries – Silver"

Waste Management



Consumption of a total of
491,288.42 m³
water

Water Management

Central Kitchens

- ✓ Routine maintenance of equipment to prevent leakage and ensure efficiency
- ✓ Installation of chemical dosing system to reuse cooling water

Restaurant

- ✓ Retrofitted the operating equipment to enhance water efficiency
- ✓ More eco-friendly design of appliances

Renovation of Restaurants

- ✓ Switched from traditional downlight into LED lamps
- ✓ Replaced equipment with poor efficiency

Merge of Central Kitchens

- ✓ Merge food processing plants of TamJai and SamGor into Central Kitchen

Energy Management



Electricity:
34,203.70
kWh'000



Diesel:
54,730.28 L



Town gas:
6,699,463.27
Unit

Packaging Materials



100%
implementation
of paper straws



16,184,000
pieces of new
plastic
packaging bags
with TDPA™
and P-Life®
additives



14,272,800
pieces of bowls
with TDPA™
additives

CSR Initiatives

Taking our motto into actions.



Major Campaigns

“Mixian for Good”

- Over 2,800 beneficiaries in 2021
- Giving free bowls of mixian to the underprivileged each month in each district, sacrificing a business day revenue giving back to the society

“Less Mixian” Donation

- Raised and donated HK\$ 532,068 to the Heep Hong Society

Donation of Mixian Coupons and SIM cards

- Donated HK\$300,000 in value

Employees' children scholarship

- Assisting the new generation of our employees in receiving higher education
- Encourage the new generation to give back to society after tertiary education

Appendix

Awards and Recognitions



Brand Awards



Service and Marketing Awards



香港服務名牌
HONG KONG TOP
SERVICE BRAND



Food Awards



CSR Awards



New Restaurants in Hong Kong



譚仔
雲南米線



+Woo, Tin Shui Wai



D . Park, Tsuen Wan



Mei Lam, Tai Wai

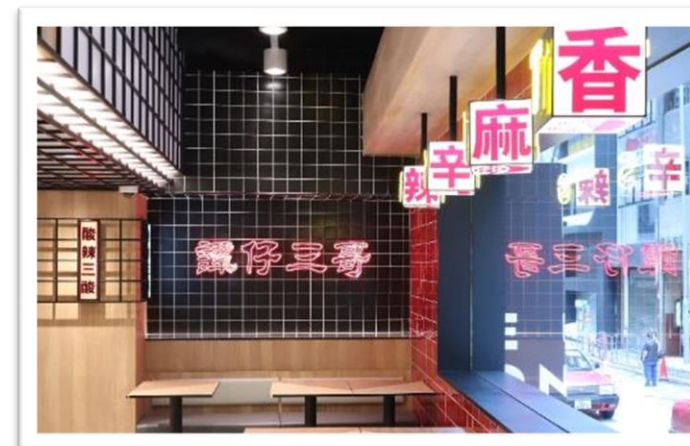


Lok Fu Plaza



Marina Square, Ap Lei Chau

New Restaurants in Hong Kong



Wellington Street, Central



Cheong Hong Estate, Tsing Yi

New Restaurants in Shenzhen, Mainland China



Wong Tee Plaza



East Pacific Mall



Cocopark Shopping Mall



HaiYa Mega Mall

Thank You